

MICHIGAN AERONAUTICS COMMISSION

Minutes of Meeting

Flint, Michigan

July 26, 2006

Pursuant to Section 31 of Act 327 of the Public Acts of 1945, the Commissioners of the Michigan Aeronautics Commission (MAC), created by said act, met at the Flint Bishop International Airport, G-3425 W. Bristol Road, Flint, Michigan, on Wednesday, July 26, 2006, commencing at the hour of approximately 10:00 a.m.

Members Present

Terry Everman, Chairman
James Collins, Vice Chairman
Sidney Adams, Jr., Commissioner
Daniel Atkinson, Designee - MSP
Leon Hank, Designee - MDOT
Mindy Koch, Designee - MDNR
Robert Johnston, Designee - MDMVA
Rob Abent, Commission Director

Staff

Barbara Burris, Executive Assistant
Rick Hammond, Airports Division
David Baker, Airports Division
Pauline Misjak, Aviation Services
Linn Smith, Airports Division

Members Absent

Kirk Steudle, Commissioner
Eric V. Smith, Commissioner
Joyce Woods, Commissioner
Richard Elliott, Commissioner

Also Present

James Shell, Assistant Attorney General
Jim Rice, Flint Bishop International
Mike Trout, Flint Bishop International
Linda Brant, Flint Bishop International
Karl Randall, Oakland County International
Sean Brosnan, Willow Run

A list of all others present is attached to the official minutes.

I. OPENING REMARKS

The July 26, 2006, Aeronautics Commission meeting was called to order by Chairman Terry Everman at 10:03 a.m. He welcomed the guests in attendance to his hometown and elaborated on the successes of the Bishop International Airport. He recognized Mr. Mike McNamara, Chairman of the Flint Bishop International Airport Authority. Mr. McNamara welcomed Commissioners and guests and thanked the Commissioners for holding their meeting in Flint. He introduced Mr. Jerry Preston, also a member of the Airport Authority and current president of the Flint Area Convention and Visitors Bureau.

The Chairman recognized the attendance of former Commissioner and good friend Lowell Kraft.

For the record, the Chairman noted the absences of Commissioners Eric Smith, Joyce Woods, and Richard Elliott, and that Gen. Robert Johnston and James Shell were sitting in for Commissioner Richard Elliott and House Counsel Pat Isom, respectively.

He asked the Commissioners seated at the head table to introduce themselves. A round of introductions ensued, beginning with Leon Hank, Chief Administrative Officer, representing MDOT Director Kirk Steudle, followed by Bob Johnston, Deputy Commander of the Michigan Air National Guard, substituting for Commissioner Elliott; Captain Dan Atkinson, Michigan State Police, representing Col. Peter Munoz; Jim Shell, Assistant Attorney General, representing Attorney General Pat Isom; Sidney Adams, Commissioner; Rob Abent, Director, Michigan Aeronautics Commission; Terry Everman, Chairman; Jim Collins, Vice Chairman (who mentioned having been raised in Flint); and Mindy Koch, representing the Department of Natural Resources.

II. COMMISSION BUSINESS

A. Minutes of March 30, 2006

Turning to the official business of the Commission, the Chairman asked whether there were any changes or corrections to the minutes of May 24, 2006. Hearing none, he entertained a motion to approve the minutes of May 24. It was moved by Commissioner Adams, with support from Commissioner Collins, to approve the minutes of May 24, 2006. MOTION CARRIED.

The Chairman called on Funding Manager David Baker to present the 20 projects pending Commission approval.

B. Federal/State/Local Projects

Airport Name & Associated City/County	Project Description	Federal Dollars	State Dollars	Local Dollars	Total Dollars
W.K. Kellogg Battle Creek	Hangar relocation, Phase II (environmental assessment, appraisal, appraisal review, negotiations, and relocation services)	38,400	8,400	1,200	48,000
Charlevoix Municipal Charlevoix	Airport Layout Plan Update	8,560	1,872	268	10,700
Fitch H. Beach Municipal Charlotte	Feasibility Study	75,200	16,450	2,350	94,000
Clare Municipal Clare	Land Acquisition	64,000	14,000	2,000	80,000
Coleman A. Young Muni. Detroit	Land Acquisition	2,081,250	455,274	65,039	2,601,563
Detroit Metro- Wayne County Detroit	Letter of Intent – Supplemental	0	0	6,193,867	6,193,867
Detroit Metro- Wayne County Detroit	Partial Rehab of Runway 3R/21R & Taxiway W, Phase I	11,868,906	0	3,956,302	15,825,208
Willow Run Detroit	Upgrade Airfield Signage & Electrical Substations	1,237,537	68,752	68,752	1,375,041
Willow Run Detroit	Construct Parallel Taxiway G	3,250,000	85,526	85,527	3,421,053
Bishop Intl. Flint	Land Acquisition for intermodal facility	0	4,000,000	444,444	4,444,444
Bishop Intl. Flint	Airfield Obstruction Removal & Electrical Upgrades	202,500	11,250	11,250	225,000
Capital City Lansing	Primary Runway 28L Extension	1,650,250	43,428	43,427	1,737,105

Dupont-Lapeer Lapeer	Snow Removal Equipment & building	176,000	38,500	5,500	220,000
Manistee County Blacker Manistee	Guidance sign upgrade, pavement marking revisions	176,000	38,500	5,500	220,000
Marlette Twp. Marlette	405 Survey	24,400	5,338	762	30,500
Owosso Comm. Owosso	Rehab & Expand Terminal Apron	150,000	32,812	4,688	187,500
MBS Intl. Saginaw	Terminal Study, Conceptual Design	95,000	2,500	2,500	100,000
Cherry Capital Traverse City	Rehab Runway 10/28 Lighting, Runway Sensors, & Airfield Signage	0	243,000	27,000	270,000
White Cloud White Cloud	Design & EAS for Runway 18/36 Extension	86,400	18,900	2,700	108,000
Totals		21,726,403	5,203,063	10,940,013	37,869,481

Mr. Baker presented an Off Agenda Item for the Coleman A. Young Municipal Airport in Detroit. The project includes the partial rehabilitation of Runway 7/25, east of the Runway 15/33 intersection; runway cracksealing, airfield painting, and construction of a supplemental windcone for Runway 15. Funds are from the 2006 Federal/State/Local program. Plans call for the development of a charter service, which will require the airport to obtain Part 139 certification from the FAA. This will allow the airport to provide charter service three days a week to Cincinnati, Columbus and Cleveland and will constitute a resumption of scheduled service at Detroit City Airport.

At the conclusion of his presentation, Mr. Baker entertained questions. Hearing none, the Chairman entertained a motion to approve the transfer of funds for the 21 projects presented.

It was moved by Commissioner Hank, with support from Commissioner Adams, to approve the funding for the 21 projects identified. By unanimous voice vote, the MOTION CARRIED.

The Chairman deferred to Mr. Baker for a summary of the supplemental transfers.

Mr. Baker identified five supplemental transfers, as contained in the Reports Section of the Commissioners' notebooks:

Caro, Tuscola Area Airport: A nine (9) percent increase in federal/state/local funds resulting from higher than anticipated bids. Mr. Baker noted that the additional costs of many of these

projects are a reflection of the escalating cost of asphalt. The original cost of \$587,627 is increased by \$51,083, for a total project cost of \$638,710.

Hancock, Houghton County Memorial: An eight (8) percent increase in state/local funding resulting from higher than anticipated bids on: SRE motor grader, update of ALP and MP, benefit cost analysis for terminal building expansion or relocation, wildlife habitat removal, and taxiway B rehabilitation. The original cost of \$466,761 is increased by \$65,000, for a total project cost of \$531,761.

Lansing, Capital City Airport: A 1.42 percent increase in federal/state/local funds to cover the second phase of the environmental assessment. Phase one has been closed out. The second phase includes additional field investigation required by the study. The original cost of \$3,157,895 is increased by \$45,446, for a total project cost of \$3,203,341.

Rogers City, Presque Isle County Airport: An eight (8) percent increase in federal/state/local funds to cover the cost of tree clearing in the approach at runway end 9. The original cost of \$1,185,600 is increased by \$90,000, for a total project cost of \$1,275,600.

Statewide – ARFF Training: An eleven (11) percent increase in state/local funding resulting from the addition of the Gaylord Regional Airport and the Grayling Army Airfield, thereby increasing the original cost of \$125,208 to \$139,132.

No official action is required on the supplemental transfers.

III. PRESENTATION

The Chairman called on Jim Rice, Manager, Flint Bishop International Airport, for a report on the history and status of the airport.

Mr. Rice began his report with welcoming remarks. He encouraged the Commission to continue to reach out to airports around the state and to see first hand the improvements being made with funds approved by the Commission.

With the aid of PowerPoint, he briefed the Commissioners on the Flint airport. He introduced key administrative staff, Mike Trout and Linda Brant, both deputy directors at the airport. Directors of each department under the two deputy directors round out the seven members of the management team, which oversees the police, fire, maintenance, and daily activities of some 50 staff of the Airport Authority. Between 800 and 1000 people work at the airport proper. The Airport Authority, though small in size, is charged with ensuring the safe operation of the airport.

He recounted that in 1988, the voters of Genesee County went to the polls and approved the creation of an Airport Authority. Prior to that time, the airport was owned and operated by the

City of Flint. The voters also approved a one-half percent millage and thus provided the leverage and financing to effect improvements at the airport. The Airport Authority sat down with consultants hired by the city and put together a Master Plan, laying out a vision for the airport. At the time, the terminal was in disrepair and the runways and taxiways were in an unsafe condition. The Master Plan, approved with record speed, outlined the improvements needed over the next ten years.

Mr. Rice proceeded through a series of slides illustrating the improvements undertaken, including the relocation of a major highway, all completed within two and a half years. The new terminal opened on October 31st, 1993. In addition to the new terminal, major infrastructure improvements were completed, including the construction of new T-hangars, a rental car facility, terminal parking lot expansion, and reconstruction and rehabilitation of runways and taxiways. Currently, a third terminal expansion is underway, which includes an employee parking lot, a third and fourth lot, an economy lot, and a baggage claim area. New flight information systems are located throughout the terminal, and a new cell phone lot allows passengers to be picked up with efficiency.

The airport has seen tremendous growth in passenger travel, from about 220,000 passengers in 1987 to over one million passengers in the past two years. He attributed this growth directly to the improvements made. The airport works in partnership with Oakland County, as many businesses in Oakland County use the airport as an alternative to Detroit Metro. The potential market is approximately two millions passengers.

The airport has experienced a dramatic increase in cargo, from 356,000 pounds in 1987 to over 33 million pounds in 2004, which is a direct correlation to the demand for air cargo from southeast Michigan businesses. In conjunction with this increased demand, the state has been asked to assist in the development of a new intermodal hub area. The airport, he stressed, which is located at the intersection of I-69/I-75 and M-23, could not be in a better location for intermodal transportation. Their goal is to have an intermodal hub up and running by the end of 2008.

Improvements to the general aviation facilities include the completion of 124 T-hangars, 20 tie-downs, installation of self-service fuel, and a pilot's lounge. As of late, he noted, the general aviation airport has become extremely popular with flying clubs.

Mr. Rice emphasized that none of the projects could have been completed without the cooperation and assistance of the FAA, the Bureau of Aeronautics, and the local community. The end result, albeit an undetermined dollar value, has been a huge economic impact on the Flint community. He thanked the Commission, as the final step in the process, for their support for these projects. Mr. Rice entertained questions from the Commissioners.

Commissioner Atkinson commented on his days as a patrol officer in the Flint area, when improvements were first taking shape. He commended the airport and its leadership for an

outstanding job, which he proclaimed a model of success.

Mr. Rice again credited the Flint community for the airport's successes.

Commissioner Hank reported on a contract between MDOT and the University of Michigan which will examine the question of return on investment and how that return trickles through the economy in terms of jobs and the so forth. He and others in leadership roles at MDOT will be working with the university to determine the economic value of various projects being undertaken at MDOT.

Mr. Rice concurred on the difficulty in quantifying return on investment. He invited the Commissioners to take a tour, by bus, following the meeting, to see the many improvements first hand.

Director Abent noted that the National Association of State Aviation Officials, of which Michigan is a member, recently teamed with the General Aviation Manufacturers Association in issuing a report on the economic value of general aviation. He offered to provide a copy of the report to the Commissioners.

Mr. Rice added that Michigan airports are struggling, as are airports nationwide, due to adverse economic conditions and the restructuring of the airlines, as witnessed by a declining numbers of seats. He cited the high cost of fuel as the primary offender. He thanked the Commissioners for the opportunity to appear before them.

The Chairman thanked Mr. Rice for his thorough report. He went on to say that he had been flying from the Flint Bishop Airport since 1976; that he had seen the airport develop and grow. He congratulated staff of the airport for using the funding received wisely to develop an airport the community can be proud of. He recalled Mr. Baker to update the Commission on the Charlotte Airport.

IV. DISCUSSION

Charlotte Airport

As part of a continuing update on this airport, Mr. Baker provided the following report, paraphrased as follows:

The airport is undergoing extensive review to determine whether or not it currently meets the needs of the community or whether it should be replaced. The Commission, most recently, approved funding for a feasibility study. Mr. Baker illustrated through slides the current and proposed configuration of the runways, including a crosswind runway sensitively located in an area that includes streams, wetlands, and a new subdivision, and where angling of a new runway could require the relocation of a highway. The city is also looking at the possibility of an

entirely new site for the airport.

In anticipation of the grant, the city has contracted with Mead & Hunt, Inc. to manage and prepare the feasibility report. Work on the report will commence upon receipt of the grant and kickoff is anticipated at August end 2006. A Citizen Review Committee is in place and will include staff of the Bureau of Aeronautics.

IV. PUBLIC COMMENT

The Chairman invited comment from the audience. No speakers were forthcoming.

V. REPORTS

Preliminary to his report, the Director thanked the Flint Bishop International Airport Authority for hosting the Commissioners. He welcomed two additional guests in the audience; Karl Randall, Airport Manager of Oakland International Airport/current President of the Michigan Association of Airport Executives, and Sean Brosnan, Airport Manager of Willow Run Airport.

With the aid of slides, Director Abent reported on bureau activities and other topics of interest, paraphrased as follows:

Director Abent announced the recent separation of Aeronautics and Freight Services from the Multi-Modal Transportation Services Bureau. This was accomplished through the efforts of MDOT Director Kirk Steudle, Chief Administrative Officer Leon Hank, Chairman Everman, et al, including former Commissioner Lowell Kraft. The merger of the Bureau of Aeronautics with the former Bureau of Urban and Public Transportation began as an experiment approximately four years ago, and the belief at the time was that by combining the modes, all modes would be elevated. Since then, following conversation and input from the aviation community, Director Steudle has seen fit to announce the separation of Aeronautics and Passenger Transportation. Mr. Abent explained the reorganization as an effort to be more responsive to customer needs and a mechanism for creating a more efficient delivery system. He will continue to serve as the full-time Director of Aviation.

Concurrently, an 18-month vacancy has been filled in the Airports Division. Rick Hammond has accepted the appointment as Administrator of the Airports Division.

Al Kalas, Engineer, Airports Division, has been recognized by the Federal Aviation Administration for his work with the Disadvantaged Business Enterprise program. Mr. Abent congratulated Mr. Kalas on this prestigious award.

With respect to the budget, Mr. Abent indicated that revenues from the fuel tax, used to fund Aeronautics programs, are down 12.9 percent compared with last year. Internal measures reflective of the loss in anticipated revenues have been imposed to reduce spending. The

remaining \$36 million in ASAP bonds were sold in June. The bureau is actively engaged in distributing that money.

Operating Budget FY 07 has been approved by a conference committee and is expected to be considered immediately by the full House and Senate. Passage is anticipated. The Aeronautics Services operating budget has been reduced by almost \$800,000 from FY 06, and includes a reduction of \$300,000 to the Air Service program. Director Abent advised that we will continue to make adjustments to reduce spending and monitor revenues. Action on the Capital Outlay Bill is not anticipated until after the elections in November.

Last week, a Senate DOT funding subcommittee approved a \$3.32 billion version of the AIP funding bill, an amount \$770 million above the President's recommendations. The Senate bill includes \$2.5 million for Facilities and Equipment, \$10 million for Small Community Air Space Development, \$117 million for Essential Air Service, and almost \$8.4 billion for FAA operations, approximately \$270 million more than last year.

Mr. Abent shared additional slides depicting activities from the May 2006 meeting, including a slide of Chairman Everman and Jack Rousch of the Yankee Air Museum. Artifacts from the museum are now housed in the display case located in the Aeronautics atrium.

In an ongoing effort to allow airport managers to meet with Commissioners on their own turf, in May, the Director, Chairman Everman and Vice Chairman Collins traveled to Houghton Hancock to attend a preconstruction meeting for a vegetation removal project at the Houghton County Memorial Airport.

On June 27, the Chairman and Director Abent participated in the dedication of an ARFF facility at the Cherry Capital Airport.

On August 11, the MAC will hold two Round Table Discussions with airport managers from the commercial air service and general aviation communities.

The Michigan Association of Airport Executives will hold its fall conference September 11-15, in Marquette. The MAC will hold its meeting on September 13, on the campus of Northern Michigan University in Marquette.

Bureau staff are participating in planning activities for the 2007 National Governor's Conference to be held in Traverse City. Mr. Abent concluded by saying, these are very exciting times for the Bureau of Aeronautics and Freight Services.

Former Commissioner Kraft inquired as to the ADSB program. The Director deferred to Mr. Hammond.

Mr. Hammond pointed out that there are currently no activities in Michigan regarding this program (to develop ground stations for ADSB). He went on to say that he was unsure how quickly or if the FAA will move forward with this program due to the level of competing technology. The bureau will continue to watch for new developments on this program.

Director Abent provided further clarification, noting that the issue is one of limited resources rather than a lack of commitment.

Director Abent thanked the Commission and hosts Jim Rice and the Flint Bishop International Airport Authority.

Chairman Everman again thanked the Flint Bishop International Airport Authority for their hospitality and for the opportunity to tour the airport and see the projects up close.

He reminded everyone of the next regular meeting, scheduled for Wednesday, September 13, 2006, in Marquette. He declared the meeting adjourned.

The meeting concluded at approximately 11:05 a.m.

Director

Chairman

Dated: _____